A N N U A L R E P O R T

OF THE

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

FOR THE YEAR ENDED

31 MARCH 1988

TO HIS HONOUR

THE HONOURABLE LLOYD G. MACPHAIL

Lieutenant Governor of The Province of
Prince Edward Island

May It Please Your Honour:

I respectfully submit herewith, for the information of Your Honour and the Legislature of Prince Edward Island, the Annual Report of the Crown Building Corporation for the Fiscal year ended 31 March 1988.

I have the honour to be Sir:

Your Obedient Servant,

Robert Morrissey
Minister
Department of Transportation
& Public Works

Charlottetown, P.E.I.
2 February 1989

P R I N C E E D W A R D I S L A N D

C R O W N B U I L D I N G C O R P O R A T I O N

Charlottetown
Prince Edward Island
February 2, 1989

Honourable Robert Morrissey
Prince Edward Island Crown
Building Corporation
CHARLOTTETOWN, P.E.I.

Sir:

I have the honour to submit herewith a report of the activities of the Prince Edward Island Crown Building Corporation for the year ended 31 March 1988.

An Act to establish the Prince Edward Island Crown Building Corporation was passed on 5 April 1962. Subsequently, Orders-in-Council appointed successive Presidents and Directors. During the period 1962-66 the Corporation functioned as an administrative and financing agency for the site preparation, planning, design and construction of the Provincial Administrative buildings in Charlottetown, and from 1966 to 1984 the Corporation generally limited its activities to that of financial agency responsible for amortizing construction costs of the Administrative buildings.

An amendment to the Prince Edward Island Crown Building Corporation Act (RSPEI 1974, Cap. C-30), assented to 11 May 1984, enabled the Corporation to plan, design, and construct the buildings, facilities, and equipment necessary to accommodate the veterinary teaching facility, known as the College, to be established as part of the University of Prince Edward Island; and to assume the financial obligation of Prince Edward Island, all pursuant to the Agreement of 3 June 1983, on behalf of the Government of Canada and the Governments of the Provinces of Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland.

Bylaws of the Corporation were approved by Lieutenant Governor-in-Council 30 August 1984, and; subsequently, amended by-laws were approved 15 November 1984.

Objects and powers of the Corporation were approved by the Lieutenant Governor-in-Council 30 August 1984.

Pursuant to an Agreement of 8 September 1983 between Prince Edward Island and the University of Prince Edward Island, the University conveyed the lands containing approximately 19 acres to the Province for the purpose of construction of all building and parking areas necessary for the College. Ownership of the College and the said 19 acres of land was transferred back to the University on April 1, 1987.

During the year ending 31 March 1988 the Board of the Corporation authorized construction and equipment contracts valued $282,275. towards the building of the College. Contracts previously authorized were valued at $29,933,837., thus the total value of work and fixed equipment authorized to 31 March 1988 was $30,216,112.

The Corporation acknowledges with thanks the contributions made by many persons and agencies within the University of Prince Edward Island, the Government of Canada and the Governments of the Atlantic Provinces, and the private sector, all towards the design and construction of the Atlantic Veterinary College.

The audited financial statement of this Report covers details of costs.

Respectfully submitted,

Clive H. Stewart
General Manager
Prince Edward Island Crown
Building Corporation

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1988

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have examined the balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 1988 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceeding year.

J. Wayne Murphy, C.A.
Auditor General

Charlottetown, Prince Edward Island
May 20, 1988

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
BALANCE SHEET

MARCH 31, 1988
(with comparative figures at March 31, 1987)

ASSETS

	1988	1987
CURRENT ASSETS		
Cash	$ 155,270	$ 155,276
Accounts receivable:		
Province of Prince Edward Island	48,630	-
Charlottetown Veterinary Clinic	19,178	-
	223,078	155,276
FIXED ASSETS		
Land - cost	271,340	271,340
Buildings and Equipment - cost - Note 1(a)	6,116,139	6,116,139
	6,387,479	6,387,479
OTHER ASSETS		
Unamortized Bond Discount & Issue Expenses	109,667	115,785
Atlantic Vet College Project - Note 2	-	48,524,630
Charlottetown Veterinary Clinic - Note 1(c)	1,063,274	-
	1,172,941	48,640,415
	$ 7,783,498	$55,183,170

LIABILITIES AND SURPLUS

	1988	1987
CURRENT LIABILITIES		
Accrued Interest	$ 165,964	$ 155,250
Debenture Payable - Province of Prince Edward Island - Note 3	1,120,368	-
	1,286,332	155,250
LONG TERM LIABILITIES		
Debentures Payable - Note 4	5,400,000	5,400,000
Less: Sinking Fund - Note 5 (Market value 1988 - $6,227,603 1987 - $5,959,901)	5,654,225	4,949,318
	(254,225)	450,682
Loan Payable - Province of P.E.I. - Note 6	1,097,166	1,103,290
	842,941	1,553,972
EQUITY AND LIABILITIES		
Atlantic Vet College Project - Note 2	-	48,524,630
SURPLUS		
Unappropriated		
Net Income - Statement 2	67,500	67,500
Less: Transfer to Sinking Fund Reserve	67,500	67,500
	-	-
Appropriated		
Sinking Fund Reserve		
Balance Beginning of Year	4,949,318	4,314,680
Investment Income - Note 1(b)	637,407	567,138
Sinking Fund Installments	67,500	67,500
Balance End of Year	5,654,225	4,949,318
	$ 7,783,498	$55,183,170

(Notes 1 to 6 are an integral part of these financial statements.)

ON BEHALF OF THE BOARD OF DIRECTORS: _____

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION
STATEMENT OF INCOME

YEAR ENDED MARCH 31, 1988
(with comparative figures for the year ended March 31, 1987)

	1988	1987
INCOME		
Lease Income - Province of Prince Edward Island net lease - Note 1(a)	$384,118	$384,118
Appropriations from the Province of P.E.I.	48,630	-
	$432,748	$384,118
EXPENSES		
Interest	359,130	310,500
Amortization of Bond Discount	6,118	6,118
	365,248	316,618
Net Income for Year	$ 67,500	$ 67,500

(Notes 1 to 6 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1988

1. Accounting Policies

   (a) No depreciation is being charged on buildings and equipment.

   (b) The statement of income is on a net lease basis and does not include the interest on Sinking Fund investments. The investment income is shown as a separate item in the Sinking Fund section of the balance sheet.

   (c) On October 19, 1987 the Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. The Corporation uses the equity method of accounting to record its investment in these wholly-owned subsidaries. For the period ended March 31, 1988 there was a $22,312 operating loss which was appropriated by the Province of P.E.I.

   In order to provide a more informative presentation of the operations of the Corporation, the financial statements are not consolidated. Separate combined financial statements of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. are being issued.

2. In June 1983, the Atlantic Provinces and the Government of Canada signed an agreement to construct a veterinary teaching facility (Atlantic Veterinary College) in Charlottetown as part of the University of Prince Edward Island. The Atlantic Provinces and the Federal Government have agreed to share in the cost of the project to a maximum of $36.5 million in 1983 constant dollars. The Province of Prince Edward Island is responsible for 100% of net project cost overruns. The cost sharing ratios and maximum amounts are as follows:

Canada	50.0%	or	$18,250,000	(in 1983 constant dollars)
P.E.I.	19.5%	or	7,115,000	"
Nova Scotia	16.0%	or	5,840,000	"
New Brunswick	13.0%	or	4,745,000	"
Newfoundland	1.5%	or	547,500	"
	100.0%		$36,497,500	

The P.E.I. Government is responsible for the actual construction of the College and is discharging this responsibility through the Prince Edward Island Crown Building Corporation.

As at this date, May 20, 1988, Project Management anticipates no net project cost overruns.

Ownership of the College was transferred to the University of Prince Edward Island on April 1, 1987.

The College is primarily to benefit the four Atlantic Provinces. Therefore, entrance seats and operating costs will be allocated among the four provinces on a basis as indicated by the "Four Party Agreement".

A balance sheet of the Atlantic Veterinary College Project is provided as Schedule 1.

3. The debenture payable to the Province of P.E.I. was issued to obtain funds used to purchase the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. The debenture matures February 26, 1989 and bears interest at the rate of 10% per annum.

4. Debentures payable - 5 3/4% Sinking Fund debentures due April 1, 2006, callable at the option of the Corporation on or after April 1, 2001. The debentures are guaranteed by the Province of P.E.I.

5. Sinking Fund investments consist of the following:

	1988	1987
Cash	$ 5,810	$ 116,473
Accrued Interest	174,365	161,082
Debentures	5,474,050	4,671,763
	$5,654,225	$4,949,318

6. The loan payable to the Province of P.E.I. is a non-interest bearing loan with no stated maturity date.

SCHEDULE 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

ATLANTIC VETERINARY COLLEGE PROJECT
BALANCE SHEET

MARCH 31, 1988
(with comparative figures at March 31, 1987)

ASSETS

	1988	1987
Deposit Receipts	$ 19,368	$ 34,033
Accounts Receivable - Note A	9,364,817	9,129,988
	9,384,185	9,164,021
Construction in Progress	42,978,022	39,360,609
	$52,362,207	$48,524,630

LIABILITIES AND EQUITY

Bank Overdraft	$ 162,628	$ 255,641
Accounts Payable and Accrued Liabilities	144,363	3,780,059
Notes Payable - Province of P.E.I. - Note B	8,462,663	5,459,114
	8,769,654	9,494,814
P.E.I. Contributions - Non-Shareable Project Costs - Note C	1,178,572	343,580
Billings to Parties under Cost-Sharing Agreement:		
- Government of Canada	20,658,552	19,529,821
- Province of Prince Edward Island	8,568,094	7,471,002
- Province of Nova Scotia	6,920,358	6,130,053
- Province of New Brunswick	5,618,177	4,980,668
- Province of Newfoundland	648,800	574,692
	42,413,981	38,686,236
	$52,362,207	$48,524,630

(Notes A to C are in integral part of this schedule.)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO SCHEDULE 1

MARCH 31, 1988

A. Following is a breakdown of Accounts Receivable:

	1988	1987
Current:		
Government of Canada	$ 624,908	$ 876,483
Province of Prince Edward Island	8,568,094	7,471,002
Province of Nova Scotia	86,508	201,592
Province of New Brunswick	70,287	201,592
Province of Newfoundland	8,110	9,277
Other	2,088	4,502
	9,359,995	8,726,650
Holdback - Government of Canada	4,822	403,338
	$9,364,817	$9,129,988

B. The notes payable to the Province of P.E.I. are promissory notes with no stated maturity dates, bearing interest at the weighted average rate of 10.6 % per annum.

C. P.E.I. Contributions - Non-Shareable Project Costs represents the net amount of the following project-related costs and revenues of the Province of Prince Edward Island accumulated since the start of the project, and which are not shareable under the "Five Party Agreement". These costs have been appropriated by the Province.

	March 31 1987	1987-88	March 31 1988
Non-Shareable Costs:			
Net Interest Expense	$161,900	$823,999	$ 985,899
Provincial Designate	117,756	11,193	128,949
Land for Off-Campus Facility	40,000	-	40,000
Legal Fees	20,712	-	20,712
Accounting Fees	4,300	-	4,300
Advertising	1,312	-	1,312
	345,980	835,192	1,181,172
Less: Non-Shareable Revenues:			
Sundry Revenue	2,400	200	2,600
Net Non-Shareable Costs	$343,580	$834,992	$1,178,572